
SECTION I - INTRODUCTION

OVERVIEW

The Navy and Marine Corps exist to control the seas, assure access globally, and project power beyond the sea, so that we can influence events and advance American interests across the full spectrum of military operations. Our forces are becoming increasingly agile and adaptable, even more rapidly deployable, and are replacing volume with precision to support required joint capabilities. The FY 2006/FY 2007 budget builds upon the foundation laid in the Quadrennial Defense Review and succeeding iterations of our strategic plan, and continues to respond to current National demands even as we aggressively transform to ensure a force relevant to the threats and opportunities of the 21st century. Our commitment is to win the fight today, while shaping 21st century manpower, improving business practices, and changing the way we fight tomorrow to preserve our military capabilities and advantages.



First, the budget supports the Navy and Marine Corps team at war. Winning the Global War on Terrorism (GWOT) is our number one priority. We continue to support GWOT through naval combat forces that are capable and relevant to the mission assigned. As a baseline, the budget supports the appropriate readiness posture to support the nation's warfighting needs. The Department has demonstrated a new construct for a ready and capable force through the Fleet Response Plan (FRP), providing six carrier strike groups (CSGs) within 30 days with the ability to surge an additional two CSGs within 90 days. The FRP, in concert with more flexible battle group configurations, will allow us to maintain this agile and responsive force in FY 2006. The Naval Services are



rotational and expeditionary by nature, but require additional funding above that in the baseline budget for long and extensive contingency operations, and to reconstitute battle-worn equipment. Our supplemental appropriation requests will support these marginal needs. In FY 2005, the Department is a critical component of a joint GWOT force, with

over 34,000 Marines and approximately 17,000 Navy personnel in theater, and in new and different mission areas. Our naval forces will continue to play a leading role in this historic struggle against threats to our national security by contributing precise, persistent, and timely striking power to the joint force, advancing defensive technologies for sustained employability and force protection, and increasing operational independence through seabasing.

People are the key ingredient to producing readiness and enhancing capabilities. We have thus far been very successful in winning the battle for people, and our budget must preserve our commitment to the workforce. However, that workforce is not static. The Marine Corps has shown high adaptability in meeting new and intense manpower demands through better utilization of both active and reserve forces, military/civilian conversion, and flexible strength levels. Navy personnel levels can and will decline as we transform our force and enhance future capabilities, but the shape of the manpower force must also be transformed, guided by a human capital strategy that delivers the right skills, at the right time, for the right work. We continue to strive to achieve a higher quality of service for our Sailors, Marines, and civilians. Training our Sailors and Marines is critical to implementing transformation initiatives and to ensure optimum results. The Department is transforming the naval personnel force by creating modern human resource systems to achieve the objectives of *Sea Power 21* and *Marine Corps Strategy 21*, and the National Security Personnel System.



The Department is transforming our business processes, consistent with the President's Management Agenda objective of improving financial management in the government. A mid/long-term effort involves investing in a significantly improved and integrated automated environment. This environment will be compliant with the broad DoD Business Enterprise Architecture/Modernization program using the Converged Navy Enterprise Resource Planning System (ERP) as the cornerstone. The ERP deployments will reshape and standardize business processes, producing more reliable financial information for decision-making. Ultimately, a clean audit opinion from an external source will validate the success of our desired outcomes. In the short/near term, both Navy and Marine Corps are pursuing a variety of initiatives to enhance the effectiveness of current business processes. Such as the DON Financial Improvement Plan



which is leveraging the best commercial practices embedded in the software and documenting all business processes. The Navy Marine Corps Intranet will be fully fielded this year, and we expect increased efficiency and effectiveness by reducing legacy networks, and through application rationalization and reduction. Our budget also maintains a robust focus on infrastructure management and improvement. A consolidated Navy installation management command will continue to provide the best return on constrained shore support resources, and our people are engaged in activities to appropriately support the base realignment and closure process approved by the Congress.

Lastly, we must change the way we fight to preserve our Nation's military strength. Central to this change is the new generation of warfighting platforms.



The FY 2006 budget represents the transformational fulcrum between legacy platform procurement and the future force. It is the first fiscal year that all new construction ships are of a post-Cold War design. The Department is focused now on the next generation of battle force ships, including DD(X), the Littoral Combat Ship (LCS), VIRGINIA

Class SSN, CVN-21, MPF(F), LPD-17, and LHA(R). For FY 2006, our shipbuilding programs are limited by their place in the development and construction cycle. The Department is also replacing costly aviation systems with more efficient and capable integrated systems, including F/A-18E/F, EA-18G, MV-22, JSF, MMA, and BAMS UAV. While the long-term pace of transformational programs has slowed in this budget, desired future capabilities have been preserved across the warfighting spectrum.

NAVAL POWER 21 - A NAVAL VISION

The Department of the Navy team is the United States Navy and the United States Marine Corps. Each has distinct and complementary missions that are integrated not only with each other, but also with the other Services, other federal and state agencies, and coalition forces. As part of a joint warfighting team, the Navy and Marine Corps will control the seas and project power, defense, and influence beyond the sea. Our forces will use the sovereignty of the sea and enhanced, networked seabasing to operate without restriction. Our forward expeditionary nature will provide persistent warfighting capabilities and sustained American influence wherever we may be called to deploy. We will assure our friends and allies, and together with the



U.S. Army, U.S. Air Force, and U.S. Coast Guard, we will dissuade, deter, and defeat our nation's enemies. Our Sailors, Marines, and civilians will leverage innovative organizations, concepts, technologies, and business practices to achieve order of magnitude increases in warfighting effectiveness. Sea-Air-Land and Space will be our domain.

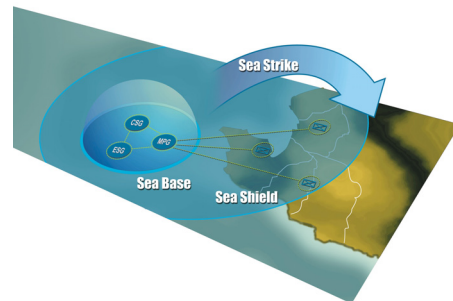


Above all, the Navy and Marine Corps defend our homeland, both through our actions overseas and by our efforts at home. Our vision to achieve this is based on three fundamental pillars:

- I. *We assure access.* Assuring seabased access worldwide for military operations, diplomatic interaction, and humanitarian relief efforts. Our nation counts on us to do this.
- II. *We fight and win.* Projecting power to influence events at sea and ashore both at home and overseas. We project both offensive power and defensive capability. It defines who we are.
- III. *We are continually transforming to improve.* Transforming concepts, organizations, doctrine, technology, networks, sensors, platforms, weapon systems, training, education, and our approach to people. The ability to continuously transform is at the heart of America's competitive advantage and a foundation of our strength.

This vision, supported by the capabilities generated by the Navy's *Sea Power 21* and *Marine Corps Strategy 21*, serves as the way ahead for Navy and Marine Corps operations and programs. These documents define our advance into the future as part of a joint force, and focus efforts and resources within each Service.

Seabasing is the overarching framework within which the Navy and Marine Corps will transform our core capabilities to increase the effect of naval forces in joint campaigns. As enemy access to weapons of mass destruction grows, and access to overseas bases declines, it is compelling both militarily and politically to reduce the vulnerability of US forces through expanded use of secure, agile, networked sea bases.



Seabasing capabilities will provide joint force commanders with global command and control and extend integrated logistical support to the other Services' forces. Afloat positioning of these capabilities strengthens force protection and frees airlift and sealift assets to support missions ashore. Seabasing also serves as the foundation from which both offensive and defensive fires are projected.

Seabasing effectively integrates the transformational thrust of *Marine Corps Strategy 21* and *Sea Power 21*.

SEA POWER 21

Sea Power 21 is the Navy's vision to align, organize, integrate, and transform to meet the challenges that lie ahead. It requires us to continually and aggressively reach. It is global in scope, fully joint in execution, and dedicated to transformation. It reinforces and expands concepts being pursued by the other Services - long-range strike; global intelligence, surveillance, and reconnaissance; expeditionary maneuver warfare; and light, agile ground forces - to generate maximum combat power from the joint team.

Sea Power 21 establishes fundamental capability areas together with superior information technology to guide the Navy's transformation efforts with the Marine Corps and joint partnerships. These areas include:

- *Sea Strike* - broadened concept for naval power projection that leverages enhanced command, control, and intelligence; precision; stealth; and endurance.
- *Sea Shield* - develops naval capabilities in the areas of homeland defense, sea control, assured access, and projection of defense overland.
- *Sea Base* - projects US sovereignty from the sea and provides joint force commanders with command-and-control, fires, and logistical support from secure sea bases - effectively making Sea Strike and Sea Shield a reality.
- *ForceNet* - the "glue" that binds together Sea Strike, Sea Shield and Sea Base. It integrates warriors, platforms, sensors, weapons and logistics into a networked and distributed combat force.



The powerful warfighting capabilities of *Sea Power 21* will ensure that our joint force dominates the unified battlespace of the 21st century, strengthening America's ability to assure friends, deter adversaries, and triumph over enemies - anywhere, anytime.

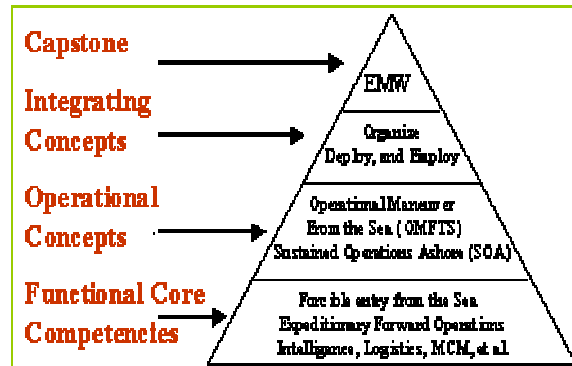
MARINE CORPS STRATEGY 21

Marine Corps Strategy 21 provides the vision, goals, and aims to support the development of future combat capabilities. The strategy encapsulates the Corps' capstone concept, Expeditionary Maneuver Warfare; fundamental core competencies such as warfighting culture, expeditionary forward operations and combined arms integration; and operational concepts such as Operational

Maneuver from the Sea and Ship-to-Objective Maneuver, thus combining the Marine Corps' maneuver warfare philosophy with its expeditionary culture and heritage. Fundamental to *Marine Corps Strategy 21* vision is:

- Make America's Marines able to win the Nation's battles and create quality citizens.
- Optimize the Corps' operating forces, support and sustainment base, and unique capabilities.
- Sustain an enduring relationship with the U.S. Navy.
- Reinforce our strategic partnerships with our sister Services.
- Contribute to the development of joint, allied, coalition, and interagency capabilities.
- Capitalize on innovation, experimentation, and technology.

As the premier expeditionary "Total Force in Readiness," the strategy defines a Marine Corps tailored to answer the Nation's call, at home or abroad. It is designed to enhance its strategic agility, operational reach, and tactical flexibility to enable joint allied and coalition operations and interagency coordination. These capabilities provide the President, the Secretary of Defense, and the combatant commanders with scalable, interoperable, combined-arms Marine Air-Ground Task Forces (MAGTFs) to shape the international environment, respond quickly to the complex spectrum of crises and conflicts, and gain access or prosecute forcible entry operations.



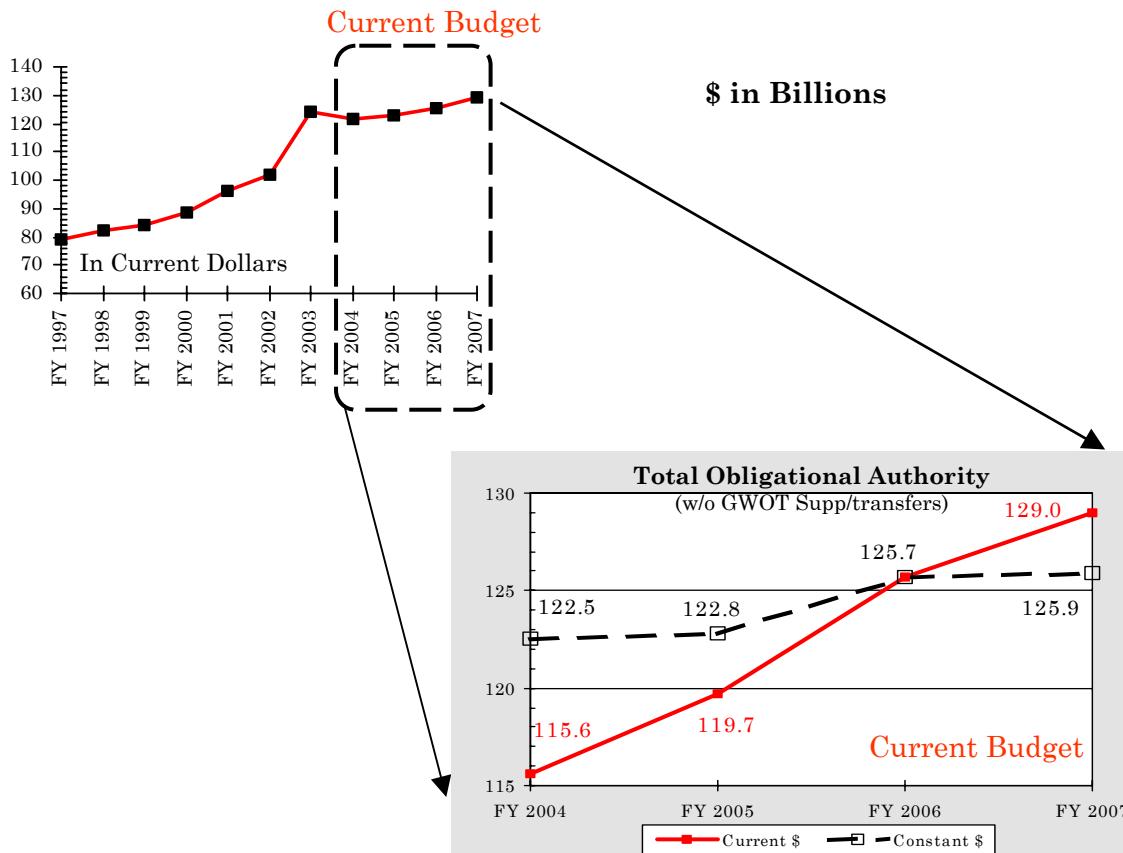
Marine Corps Strategy 21 fosters an organization that is proactive and adaptable to take advantage of opportunities, overcome challenges, and prudently employ men, women and resources entrusted to us. Ideally suited for joint allied and coalition warfare, the Marine Corps operates as a joint force enabler in three dimensions - air, land, and sea. With experience in coordinating the multidimensional elements of MAGTFs and close relationship with the Navy, Marines instinctively understand the need for, and the logic and synergy behind, joint and multinational operations such as those operations undertaken by coalition forces in Operation Iraqi Freedom.

Marine Corps Strategy 21 is the Corps' axis of advance into the 21st century and focuses efforts and resources toward a common objective. It is by design a broad axis that will adapt to changes in the strategic environment. This strategy enables the Marine Corps to build upon its foundations of heritage, innovation, and excellence to move beyond the objective and succeed on tomorrow's battlefields.

RESOURCE TRENDS

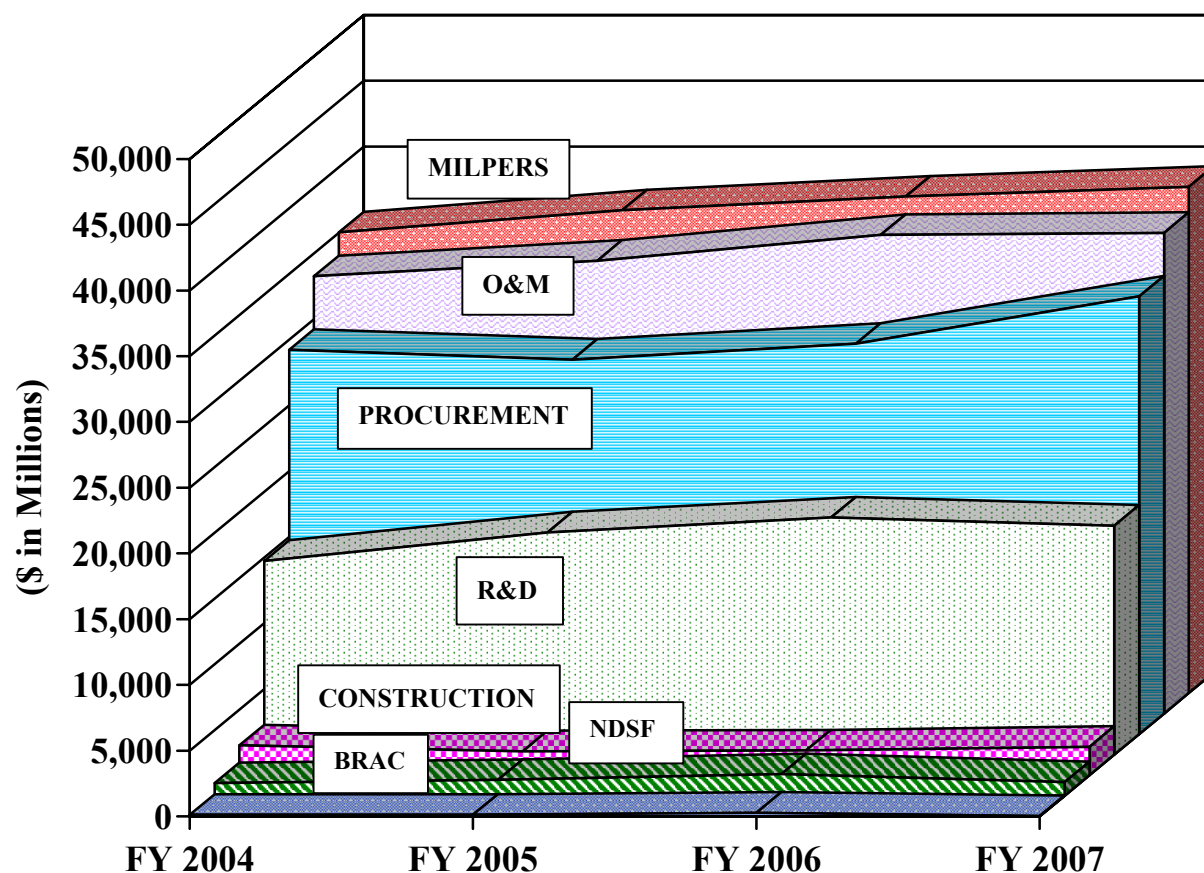
The FY 2006/FY 2007 budget reflects a balance between keeping today's force ready and transforming for the future.

Chart 1 - Department of the Navy Topline FY 1997 - FY 2007



Note: The magnified portion of Chart 1 reflects the current budget adjusted to facilitate year-to-year comparison. First, the current dollars for FY 2004 and FY 2005 have been reduced to exclude supplementals and transfers. Second, the resulting profile is expressed in constant dollars to eliminate the effect of inflation and other price changes between the years.

The current budget increases by only 2.5 percent in FY 2006 over FY 2005 levels and by 2.6 percent in FY 2007 over FY 2006 levels. The overall net increase to the topline is \$3.1 billion in FY 2006 and \$3.3 billion in FY 2007, balanced among our military personnel, operating, and investment accounts. However, after discounting for supplemental contingency and emergency appropriations in FY 2005, the increase in FY 2006 is \$6.0 billion. In constant dollars, adjusted for inflation, the baseline budget continues to reflect real growth in each fiscal year. The budget supports appropriate readiness levels, an aggressive manpower strategy, preserves aircraft procurement, a transformational ship strategy, and continues to capture business and enterprise efficiency savings/cost avoidance.

Chart 2 - Trendlines FY 2004 - FY 2007

Note: Excludes supplemental appropriations/transfers for the Global War on Terrorism.

As shown in Chart 2, every appropriation category increases in FY 2006 over FY 2005 appropriations. Military personnel accounts are increasing due to pricing adjustments for pay raises, health costs, and accrual rates for retired pay. This pricing increase partially masks reduced strength levels as we achieve increased efficiencies ashore and a reduction in legacy force structure. Operating accounts maintain sufficient readiness levels for a surge capable Navy. Procurement account increases are due to a CVN Refueling Overhaul and an increase of 23 aircraft in FY 2006 over the FY 2005 level. The R&D account increase in FY 2006 emphasizes transformational platforms such as the JSF, V-22, VXX, and Multi-mission Maritime Aircraft.

Table 1 displays individual Department of the Navy appropriation estimates for FY 2004 through FY 2007.

APPROPRIATION SUMMARY FY 2004 - FY 2007

Table 1

Department of the Navy

Appropriation Summary FY 2004 - FY 2007

(In Millions of Dollars)

	FY 2004 ¹	FY 2005 ²	FY 2006	FY 2007
Military Personnel, Navy	24,216	24,404	23,032	23,267
Military Personnel, Marine Corps	9,956	9,838	9,025	9,321
Reserve Personnel, Navy	2,003	2,101	1,774	1,788
Reserve Personnel, Marine Corps	559	637	521	575
Health Accrual, Navy ³	-	-	2,006	2,073
Health Accrual, Marine Corps ³	-	-	982	1,043
Health Accrual, Navy Reserve ³	-	-	292	287
Health Accrual, Marine Corps Reserve ³	-	-	137	145
Operation & Maintenance, Navy	30,288	29,948	30,760	30,661
Operation & Maintenance, Marine Corps	4,969	5,227	3,805	4,023
Operation & Maintenance, Navy Reserve	1,174	1,236	1,246	1,269
Operation & Maintenance, Marine Corps Reserve	189	187	200	215
Environmental Restoration, Navy	-	266	305	309
Kaho'olawe Island	20	-	-	-
Aircraft Procurement, Navy	9,075	8,836	10,517	10,874
Weapons Procurement, Navy	2,054	2,107	2,708	2,647
Shipbuilding & Conversion, Navy	11,373	10,387	8,721	11,955
Other Procurement, Navy	4,905	4,846	5,488	5,362
Procurement, Marine Corps	1,542	1,434	1,378	1,619
Procurement of Ammunition, Navy & Marine Corps	945	885	873	840
Research, Development, Test & Evaluation, Navy	14,773	16,907	18,038	17,419
National Defense Sealift Fund	996	1,205	1,649	1,044
Military Construction, Navy	1,268	1,209	1,029	1,356
Military Construction, Naval Reserve	45	44	45	56
Family Housing Construction, Navy & Marine Corps	178	10	219	269
Family Housing Operations, Navy & Marine Corps	836	705	594	482
Navy Working Capital Fund	130	65	83	84
Base Realignment and Closure IV	110	115	276	-
Base Realignment and Closure V	-	-	-	30
TOTAL	\$121,608	\$122,598	\$125,702	\$129,012

Note: Totals may not add due to rounding.

- 1) FY 2004 includes \$6.0B in supplemental appropriations/transfers for GWOT
- 2) FY 2005 includes \$2.5B in supplemental appropriations/transfers for GWOT
- 3) Beginning in FY 2006, the health accrual amounts have been realigned from the MPN, MPMC, RPN, and RPMC appropriations into separate Health Accrual appropriations.

DERIVATION OF FY 2005 ESTIMATES

Table 2 displays a track of changes to the Department of the Navy appropriations for FY 2005, beginning with the FY 2005 President's Budget request. The changes are due to incorporation of congressional action; initial (bridge) supplemental appropriations for contingency operations, hurricane damage, and tsunami relief; and transfers that reflect known reprogramming requirements (including authorization entitlements not funded in initial appropriations; transfer of \$80 million for Peacekeeping Operations authorized by section 117 of the Miscellaneous Appropriations and Offsets Act, 2005; and family housing public private venture projects), based on fact of life program changes. Amounts displayed here do not include all GWOT and humanitarian assistance costs, which are being addressed in additional supplemental appropriation requests. Available prior year balances reflect multiyear operating account authority, which remains available in FY 2005.

Table 2
Department of the Navy
Derivation of FY 2005 Estimates
(In Millions of Dollars)

	FY 2005 President's Budget	Congressional Action	Supplemental Appropriations	Transfers	Available Prior Year Balances	FY 2005 Current Estimate
Military Personnel, Navy	24,460	-112	28	28	-	24,404
Military Personnel, Marine Corps	9,596	-15	242	15	-	9,838
Reserve Personnel, Navy	2,172	-88	-	17	-	2,101
Reserve Personnel, Marine Corps	655	-32	-	14	-	637
Operation & Maintenance, Navy	29,789	-588	825	-90	12	29,948
Operation & Maintenance, Marine Corps	3,632	-32	1,659	-33	1	5,227
Operation & Maintenance, Navy Reserve	1,240	-5	1	-	-	1,236
Operation & Maintenance, MC Reserve	189	-2	-	-	-	187
Environmental Restoration, Navy	267	-1	-	-	-	266
Aircraft Procurement, Navy	8,768	110	-	-42	-	8,836
Weapons Procurement, Navy	2,102	5	-	-	-	2,107
Shipbuilding & Conversion, Navy	9,962	425	-	-	-	10,387
Other Procurement, Navy	4,834	12	-	-	-	4,846
Procurement, Marine Corps	1,190	237	7	-	-	1,434
Procurement of Ammunition, Navy/MC	859	26	-	-	-	885
Research, Development, Test & Eval, Navy	16,346	531	-	30	-	16,907
National Defense Sealift Fund	1,269	-64	-	-	-	1,205
Military Construction, Navy	1,060	10	139	-	-	1,209
Military Construction, Naval Reserve	25	19	-	-	-	44
Family Housing, Navy	844	-8	9	-130	-	715
Navy Working Capital Fund	65	-	-	-	-	65
Base Realignment and Closure IV	115	-	-	-	-	115
TOTAL	\$119,439	\$429	\$2,910	-\$191	\$13	\$122,598

Note: Totals may not add due to rounding.

PERFORMANCE MEASUREMENT

The Department of the Navy, with one of the largest workforces in our nation, is also one of the most visible to the public. With military members and employees in multiple countries, at sea and ashore, in every time zone, and in every climactic region, the spotlight never leaves our emblem. Our charter to defend our nation and its interests at home and abroad makes it essential that every military member and employee take an active role in using resources wisely and ensuring success in each endeavor.

The President has stated that this Administration is “dedicated to ensuring that the resources entrusted to the federal government are well managed and wisely used.” To achieve this, the President’s Management Agenda focuses on five basic objectives: (1) Budget and Performance Integration, (2) Strategic Management of Human Capital, (3) Competitive Sourcing, (4) Financial Management Improvement, and (5) Expanding E-Government. Improving programs by focusing on results is an integral component of the Department’s budget and performance integration initiative. The most recent Executive



Scorecard grades the Department of Defense as “yellow” on current status for budget and performance integration and “green” for progress. The FY 2006/FY 2007 budget for the Department of the Navy associates performance metrics for approximately eighty percent of requested resources. In an effort to incorporate performance metrics into the budget process, the

Office of Management and Budget has instituted Program Performance Assessments which identify programs that will be measured in “getting to green” through a rating system that is consistent, objective, credible, and transparent. The initial Department of the Navy programs reviewed since FY 2004 are outlined in Chart 3. Programs were assessed and evaluated across a wide range of issues related to performance. Amplifying metric information related to these programs can be found in detailed justification materials supporting the budget request.

Chart 3 - Performance Scorecard

1. Budget and Performance Integration										
	Program Purpose & Design	Strategic Planning	Program Mgmt	Program Results	Weighted Score	Overall Rating	DON Funding			
							FY04	FY05	FY06	FY07 Programs Included
Air Combat	100%	100%	72%	67%	88%	Moderately Effective	5,437	5,521	5,600	4,955 F/A-18 E/F, JSF
Shipbuilding	80%	90%	73%	47%	64%	Adequate	12,000	11,387	9,412	12,554 New construction
Basic Research	100%	89%	84%	80%	86%	Effective	468	491	448	456 G.1
Housing	100%	100%	71%	67%	78%	Moderately Effective	5,580	5,197	5,538	5,740 FH, BAH
Communications Infrastructure	80%	78%	40%	44%	54%	Results Not Demonstrated	1,538	1,766	1,828	1,842 NMCI, Base level comm
Recruiting	80%	100%	71%	75%	78%	Moderately Effective	789	793	832	827 O&M
Facilities SRMDemolition	80%	100%	14%	60%	59%	Adequate	1,649	2,261	1,972	1,943 O&M
Military Force Management	100%	100%	71%	93%	91%	Effective	36,734	36,980	37,769	38,499 MIPers
Small Business	60%	0%	43%	6%	27%	Results Not Demonstrated	262	-	-	- MIPers
Total Funding							64,458	64,396	63,399	66,856

2. Strategic Management of Human Capital

- Implement National Security Personnel System (NSPS) (DoD-wide)
- Transform Naval Military Personnel Force
- Military/Civilian Conversions
- Human Capital Strategy

3. Competitive Sourcing

- Commitment to study 63,420 positions under A-76 or OMB approved alternatives

4. Improved Financial Performance

- Business Management Modernization Program (DoD-wide)
- Enterprise Resource Planning
- Financial Improvement Plan

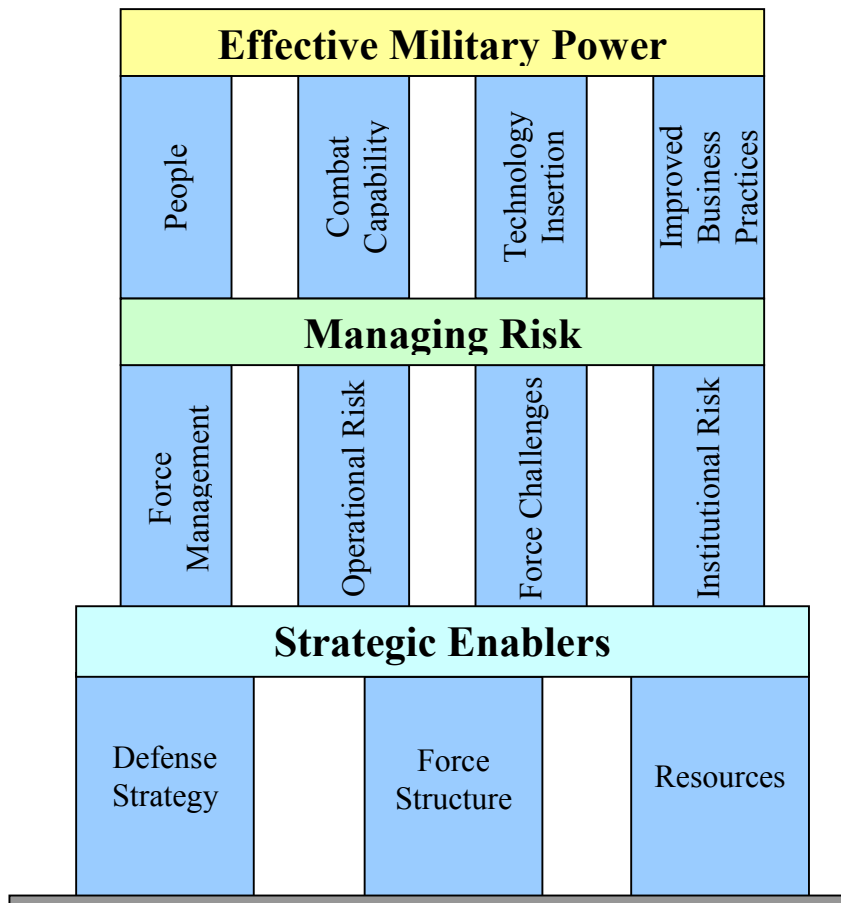
5. Expanded Electronic Government

- Utilizing E-marketplace
- Enterprise Software

The September 2001 Quadrennial Defense Review (QDR) established a risk framework that will ensure the Nation's military is properly prepared to carry out the strategy. Within the framework there are four tenets of risk management: force management, operational risk, future challenges, and institutional risk. Measuring this risk in terms of meaningful metrics and then

managing risk is the stated challenge. The Government Performance and Results Act (GPRA) (P.L. 103-62) of 1993 requires federal agencies to submit a comprehensive plan that identifies major goals and objectives. The assessment tools within GPRA will be one of the prime enablers for risk management associated with the tradeoffs in balancing defense strategy, force structure, and resources. Once these risk tenets have been fully assessed, taking action to mitigate potential vulnerabilities will further shape the application of our resources to force structure ensuring that our strategy is viable.

We are in a crucial time of transition for this Department with a strategy that will ensure America's freedoms through our safety at home and abroad. As we tackle the challenge of the Global War on Terrorism, we must embrace the transformation of our National defense. Transformation is not a goal for the future, rather, a commitment here and now. The performance measures represent the strategic direction of the Department, and were designed to ensure that we are sized, shaped, postured, committed, and managed to achieve key goals. These goals include maintaining a ready and sustainable force to meet today's challenge, investing in tomorrow's capabilities, and establishing processes and organizations that make effective and efficient use of our scarce resources. Detailed metrics and goals are included throughout this publication, and a summary by each of the four QDR goals is included in Section IV.



BALANCED SCORECARD

The FY 2006/FY 2007 budget supports the Department of the Navy's commitment in the areas of combat capability, people, technology insertion, and improved business practices. These focus areas are aligned with the Department of Defense's risk management framework. Regarding combat capability, the primary purpose of the Navy and Marine Corps is to defend our homeland, both through our actions overseas and by our efforts at home. The men and women of the Navy and Marine Corps team are our most valued resource. We continue to strive to achieve a higher quality workplace and higher quality of life for our Sailors, Marines, and civilians. Technology insertion is central to the continuation of our Nation's military strength. As demonstrated in the Global War on Terrorism, we have the most technologically advanced naval force, and we must continue to sustain a robust transformation and recapitalization effort to ensure technology proliferation does not diminish future capability. The Department is continuously working to revitalize business practices and achieve business transformation while maintaining balanced risk in the face of global challenges and constrained budget conditions.

<p style="text-align: center;">Combat Capability</p> <ul style="list-style-type: none"> ◆ Execute Global War on Terrorism <ul style="list-style-type: none"> ➢ FY05 supplemental requirement for full year deployment, force rotation and sustainment costs for approximately 17,000 Navy/34,000 Marine Corps personnel (~\$13B) ➢ Supplemental expected to support GWOT in FY06 also ◆ Execute Fleet Response Plan <ul style="list-style-type: none"> ➢ Reduce 1 carrier (12 to 11) while continuing to provide a capable force to meet warfighting needs ➢ Surge capability of "6+2" maintained near-term 	<p style="text-align: center;">People</p> <ul style="list-style-type: none"> ◆ Shape the 21st century workforce <ul style="list-style-type: none"> ➢ Establishing National Security Personnel System ➢ Pursuing force shaping authorities for military members <ul style="list-style-type: none"> ➢ Sustained pay enhancements with 3.1% pay raise ◆ Streamline & align manpower <ul style="list-style-type: none"> ➢ Aggressive military to civilian conversion program (6,489 cumulative positions, 960 new in FY06) ➢ Reduce strength where possible (13,200 fewer than FY05)
<p style="text-align: center;">Technology Insertion</p> <ul style="list-style-type: none"> ◆ Maintain joint forward seabasing initiatives <ul style="list-style-type: none"> ➢ Slowed pace of transformational programs; however, preserved desired future capability ➢ Shift to next generation battle force ships <ul style="list-style-type: none"> ➢ LHA(R), LPD17, MPF(F), DD(X), CVN-21, LCS, VA Class ➢ Replace costly aviation legacy platforms with more efficient and capable integrated systems <ul style="list-style-type: none"> ➢ F/A-18E/F, JSF, MV-22, EA-18G, MMA, BAMS UAV ◆ Sustain robust and balanced R&D effort <ul style="list-style-type: none"> ➢ New design for future undersea superiority system ➢ Joint interoperable, networked systems 	<p style="text-align: center;">Improved Business Practices</p> <ul style="list-style-type: none"> ◆ Improve productivity <ul style="list-style-type: none"> ➢ Aligned with key business transformation initiatives <ul style="list-style-type: none"> ➢ Adopting proven best commercial business practices through Enterprise Resource Planning ➢ Information Technology Portfolio Management ◆ Achieve efficiency in shore infrastructure <ul style="list-style-type: none"> ➢ Large reductions to infrastructure accounts <ul style="list-style-type: none"> ➢ Continue to strive for 67-year recap rate ➢ Increasing housing public private ventures (15,940 homes in FY06) ➢ Execute BRAC 2005 process